11 STANDING COMMITTEE ON ENERGY

(2015-16)

SIXTEENTH LOK SABHA

MINISTRY OF POWER

[Action Taken on the recommendations contained in the Fifth Report (16th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2015-16

ELEVENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December,2015/Agrahayana, 1937 (Saka)

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Presented to Lok Sabha on 09.12.2015

Laid in Rajya Sabha on 09.12.2015

LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY

(2015-16)

LOK SABHA

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1.	Shri K.Vijayakrishnan	Additional Secretary
2.	Shri N.K.Pandey	Director
3.	Smt. L.Nemjalhing Haokip	Under Secretary
4.	Ms. Deepika	Committee Assistant

INTRODUCTION

I, the Chairperson, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this 11th Report on the action taken by the Government on the recommendations contained in 5th Report of the Standing Committee on Energy on Demands for Grant (2015-16) of the Ministry of Power.

2. The 5th Report was presented to the Lok Sabha on 27th April, 2015 and was laid in Rajya Sabha on the same day. Replies of the Government to all the recommendations contained in the Report were received on 14th July, 2015.

3. The Report was considered and adopted by the Committee at their sitting held on 3rd December, 2015.

4. An Analysis on the Action Taken by the Government on the recommendations contained in the Fifth Report of the Committee is given at Appendix-II.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI
07 December, 2015
Agrahayana 16, 1937 (Saka)

Dr. Kirit Somaiya,
Chairperson,
Standing Committee on Energy

CHAPTER – I

This Report of the Standing Committee on Energy deals with the action taken by the Government on the Recommendations/Observations contained in their Fifth Report (Sixteenth Lok Sabha) on the Demands for Grants of the Ministry of Power for the year 2015-2016

2. The Fifth Report was presented to Lok Sabha on 27th April, 2015 and was laid on the Table of Rajya Sabha on the same day. The Report contained 12 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations/Observations contained in the Report have been received from the Government. These have been categorized as follows:

(i) Recommendations/Observations which have been accepted by the Government:

Serial Nos.1,2,3,4,5,7,8,10,11 and 12 Total -10

Chapter-II

(ii) Recommendation/Observation which the Committee do not desire to pursue in view of the Government's replies:

Nil Total - 00

Chapter-III

(iii) Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:

Serial Nos. 6 and 9 Total–02

Chapter-IV

(iv) Recommendation/Observation in respect of which the final replies of the Government are still awaited:

Nil Total - 00

Chapter-V

4. The Committee desire that Action Taken Notes on the Recommendations/Observations/Comments contained in Chapter-I of the Report may be furnished to the Committee within three months of the presentation of this Report.

5. The Committee will now deal with action taken by the Government on some of their Recommendations that require reiteration or merit comments.

A. Annual Plan Outlay

(Recommendation Sl.No. 2)

6. The Committee had observed that the continuous low actual expenditure since 2011 could be the prime reason for the Ministry of Finance for not acceding to the proposed demand of Rs 19,243.46 crore of the Ministry for the year 2015-16. The Committee were concerned with the constant under-utilization of the funds allocated to the Ministry of Power. The Committee were informed that the under utilization of fund by the Ministry was due to non finalization of various new schemes and since, the said schemes had been finalized, there would be optimum utilization of funds. The Committee had, therefore, recommended that the Ministry should strengthen their monitoring mechanism and also review and revamp their planning process. The Committee had also recommended that the Ministry may put indefatigable efforts in ensuring the timely utilization of the funds allocated to them so that they could justifiably put up further demands at the time of Revised Estimates.

7. The Ministry of Power, in their Action Taken Reply, has stated as under:

> "The following mechanism has been put in place to oversee the utilization of budgetary allocation under various plan schemes with regular periodicity at different levels:
>
> (i) The programme Division (at the level of the concerned Joint Secretary) reviews the progress of utilization of the outlay (both GBS and IEBR) with the concerned implementing agencies/organizations on monthly basis and suggest course corrections/measures from time to time to improve utilization.
>
> (ii) The progress is monitored at the level of JS&FA on quarterly basis with a view to rationalize the allocation.

(iii) The progress is further reviewed at the level of Secretary (Power) on half yearly basis.

Further, the two major flagship schemes (DDUGJY and IPDS) have their own in-built monitoring mechanism to watch the progress of implementation".

8. In tune with their recommendation, the Committee appreciate the Ministry's initiatives in strengthening the monitoring mechanism to oversee the utilization of budgetary allocation under various plan/schemes with regular periodicity at different levels. However, the Ministry have failed to apprise the Committee about the actual expenditure so far. As there is no mention about the actual financial utilization, the effectiveness of the monitoring mechanism could not be ascertained. **The Committee, however, trust the effectiveness of the monitoring mechanism in place in ensuring optimum utilization of budget allocated for the year 2015-16. The Committee, therefore, will like to reemphasize their recommendation that the Ministry should review and revamp their planning process and put in strenuous efforts in ensuring the timely utilization of the funds allocated to them, so that they could justifiably put up enhanced demands.**

B. Integrated Power Development Scheme (IPDS)

(Recommendation Sl.No. 5)

9. The Committee had noted that the Integrated Power Development Scheme (IPDS) is a new scheme launched by the Ministry by subsuming the erstwhile Restructured- Accelerated Power Development and Reforms Programme (R-APDRP) as one of its three components. The other two components are strengthening of sub-transmission & Distribution network in the urban areas and metering of distribution

transformers/feeders/consumers in the urban areas. This scheme, like its predecessor, envisages reduction of AT&C losses to 15%. The Accelerated Power Development and Reforms Programme was re-structured and was approved as a Central Sector Scheme on 31.07.2008 with total outlay of Rs.51,577 crore to reduce the AT&C losses to the level of 15%. However, the scheme, in 5 years, could manage to reduce AT&C losses only 2% from 27.47% in the year 2008 to 2009 to 25.38% in the year 2012-13. The Committee had earlier recommended to the Government to review the programme as the same was not producing the desired results. The Government had reinvented this programme with identical goal of bringing down AT&C losses to the level of 15%. The Committee had further recommended that the Ministry should provide an explicit timeline for implementation of the IPDS and like DDUGJY, the year by which the prime goal of IPDS, i.e. reduction of AT&C losses to 15%, will be achieved.

10. The Ministry of Power, in their Action Taken Reply, has stated:

" The reduction of AT&C losses from 27.47% in 2008-09 to 25.38% in 2012- 13 is at the national level. However, R-APDRP is a town level intervention. The AT&C loss reduction under R-APDRP is to be measured for five years with first year starting at least a year after completion of Part-A (IT) project and Part-B completion. Under the scheme, Part-A(IT) system is yet to be verified as completed for any state by Third Party Independent Evaluation Agencies-IT, appointed by MoP/PFC. The same are in process in many States. Part-B scheme is completed in 240 towns. As such, the results regarding reduction of AT&C losses under R-APDRP are likely to be evident only from next FY i.e. 2016-17.

The objective of Integrated Power Development Scheme is reduction of nation level AT&C losses to below 15%. As per the trajectory for AT&C loss reduction as agreed by all state power utilities, AT&C losses are to be brought to below 15% by FY 2021-22. The same is now proposed to be achieved by FY 2019-20. Revised proposed trajectories have been circulated by MoP among state utilities for their consent.

11. Concerned about the slow pace of reduction of AT&C losses in the country over the last many years, the Committee had many a time recommended to provide an explicit timeline to achieve reduction of AT&C losses to 15%. The Ministry, in their reply, has stated that as per the

trajectory for AT&C loss reduction as agreed by all the State power utilities, AT&C losses are to be brought to below 15% by FY 2021-22. The same is now proposed to be achieved by FY 2019-20 and that revised proposed trajectories have been circulated by MoP among State utilities for their consent. **The Committee, while appreciating the reduction in timeline set for AT&C losses, will like to re-emphasize that the timeline of 2019-20 should be further reviewed as the result of the completion of part A&B of the R-APDRP will soon to leave their impact from the next financial year. As majority of the term under part A of the programme has been declared go-live and around 272 towns have been covered under part B of the programme, it becomes all the more necessary that AT&C losses is brought down to the desired level within a span of one year.**

(Recommendation Sl.No. 6)

12. The Committee had noted that the Ministry do not have separate data for Technical and Distribution losses. AT&C losses include technical losses due to energy dissipated in the conductors and equipment used for transmission, transmission and distribution of power, whereas commercial losses are due to pilferage of energy by hooking of lines and bypassing the meters, defective meters, errors in meter reading, etc. The technical losses are inherent in a system and cannot be eliminated entirely but can be reduced to a certain level while commercial losses which have the major share in AT&C losses could be eliminated completely. Since the AT&C losses are a mix of these two, the Committee believed that having separate data for technical losses and distribution losses will be instrumental in reduction of avoidable commercial losses. The Committee had, therefore, recommended to the Ministry to expeditiously prepare separate data for technical losses and commercial losses.

13. The Ministry of Power, in their action Taken reply, has stated as under:

> "MoP appreciates the concern of Standing Committee that separate data for technical & commercial losses shall enable calculations of exact commercial losses, which are due to various reasons, such as, pilferage, defective meters & errors in meter reading etc. State utilities are being requested to provide said data along with quarterly AT&C loss data submitted to nodal agency. Ministry of Power and PFC, the Nodal Agency are regularly pursuing with them to provide the data.
>
> It may however be submitted that segregation of losses into technical & commercial losses is a complex and long drawn exercise. At best, an assessment of these losses can be attempted on a pilot basis over a sample network.

14. Regarding the recommendation of the Committee to expeditiously prepare separate data for technical losses and commercial losses, the Ministry, *inter-alia,* has stated that segregation of losses into technical and commercial losses is a complex and long-drawn exercise. They have, however, assured that an assessment of these losses can be attempted on a pilot basis over a sample network. The Committee appreciate the Ministry's willingness to attempt an assessment of the losses on a pilot basis. **Keeping in view the commercial losses which have a major share in AT&C losses and which could be eliminated completely, the Committee will like to reiterate their recommendation that the Ministry should expeditiously prepare separate data for technical losses and commercial losses.**

(Recommendation Sl.No.8)

15**.** The Committee had noted that against the target of 1,07,440 Ckm for the 12th Five Year Plan, the achievement till February, 2014 was

51,635 Ckm. The Committee had also noted that there had been a massive generation capacity addition in the country and a number of power generation projects were under execution or at the planning stage. Due to the advent of Private Sector in generation sector and enabling environment for setting up of New and renewable Energy projects, the power sector of the Country was set to grow at a rapid pace. This huge generation capacity would need transmission lines of the matching capacity to distribute the electricity generated to all corners of the country. The Committee had felt that the planning for transmission should not only be done with the generation projects but also the execution of transmission should be ahead of generation. The Committee had, therefore, recommended to the Government to expedite the pace of work to ensure that the targets set for the 12th Plan were fully achieved. The Committee were also of the view that the Government should examine the feasibility of identifying major transmission corridors which would be needed in the coming years and start the groundwork prospectively to ensure that inadequacy of transmission capacity did not become a bottleneck for transmission of electricity across the country.

16. The Ministry of Power, in their Action Taken Reply, have stated as under:

> "Against the target of 1,07,440 ckm for 12th plan period, the achievement till March, 2015 is 55,956 Ckm. The target for the balance period of 12th plan i.e. during 2015-16 & 2016-17 is 23712Ckm and 27,772 Ckm respectively.
>
> Against the target of 2,82,750 MVA of transformation capacity for 12th plan period, the achievement till March, 2015 is 1,86,549 MVA. Additional 50,542 MVA and 45,659 MVA have been targeted to be completed during the balance period of 12th plan i.e. 2015-16 & 2016-17.
>
> In order to facilitate integration of large scale renewable generation capacity envisaged in 12th Plan, a comprehensive transmission plan comprising intra state and interstate transmission system (ISTS) strengthening has been identified and taken for implementation as part of "Green Energy Corridors - I (GECs)". Intra state transmission scheme under GECs is being implemented by the respective States, whereas ISTS is being implemented by POWERGRID. These are under various stages of implementation.
>
> Further, a 20 year perspective plan covering aspects of General Network Access (GNA) is under preparation by CEA in consultation

with POWERGRID and States/ Stakeholders for the overall development of transmission system. Under GNA approach, transmission systems is planned based on Generation/ Demand quantum and their location without identification of the contracted source of purchase/ sale and generator and the States/Consumer could be given general network access (GNA) to ISTS for the agreed quantum of power (MW). This approach is expected to address the issues of congestion and enable the execution of transmission system ahead of generation.

A number of high capacity power transmission corridors and Green Energy Corridors have been identified/ planned and are being implemented to enable seamless transfer of power from generation rich states to energy deficit states. These corridors include 765kV transmission lines and ±800kV HVDC transmission systems."

17. In response to the recommendation of the Committee that the Government should examine the feasibility of identifying major transmission corridors which will be needed in the coming years and start the groundwork prospectively to ensure that inadequacy of transmission capacity does not become a bottleneck for transmission of electricity across the country, the Government have stated that a Comprehensive Transmission Plan comprising Intra-State and Inter-State Transmission Systems (ISTS) has been taken up for implementation as part of the “Green Energy Corridors - I (GECs)" and a 20-year Perspective Plan covering aspects of General Network Access (GNA) is under preparation by CEA in consultation with POWERGRID, States and other Stakeholders, for the overall development of the Transmission System. The Committee note with satisfaction that the Government have identified a number of high capacity Power Transmission Corridors and Green Energy Corridors which are being implemented to

enable seamless transfer of power from generation rich States to energy deficit States. These corridors include 765kV transmission lines and ±800kV HVDC transmission systems. **The Committee acknowledge the initiatives taken by the Ministry to expedite the pace of work in the transmission of electricity across the country and also to ensure that the targets of Transmission Capacity set for the 12th Plan are fully achieved. The Committee trust that the Ministry through coordinated efforts will be able to achieve the target of Transmission Capacity of 1,07,440 ckm for the 12th Plan, so as to ensure that the electricity generated is transmitted and distributed to all the corners of the country. The Committee will like to be apprised periodically, of the progress and development regarding the implementation of these above cited plans.**

Hydro Power Sector

(Recommendation Sl.No.9)

18. The Committee had noted that only 1,895 MW of hydro power generation capacity could be added, whereas in the thermal sector the generation capacity addition was as high as 51,488 MW during the 12th Plan so far. The Committee had time and again been expressing their anguish over the sluggish execution of hydro generation capacity resulting in the falling share of hydro in the total energy mix. The hydro power share in terms of installed capacity (MW) was 43.50% in the year 1970. At present, the hydro power share is about 15.8%. The Committee had been informed by the Ministry that since the hydro projects have a longer gestation period, they take longer time in their completion. Also, most of the potential lies in the remote reaches of Himalayas. The Ministry had also enumerated the provisions made and the steps taken for the growth of the hydro sector. The Committee had, however, found that since the 11th Five Year Plan there has been a visible slowdown in the hydro sector. Even the Private Sector whose

performance in the thermal sector as far as capacity addition is concerned is par excellence, could manage to add a meager 169 MW of hydro power generation capacity so far in the 12th Plan. The Committee, therefore, were inclined to infer that the present policies relating to the hydro power sector were ineffective as they had failed to bring any positive change in the sector. The Committee had recommended that the Government should thoroughly review the present policies related to the hydro power sector to provide the much needed impetus to this sector. The Committee had also recommended that if the hydro sector is that difficult to develop and so unlucrative, then the Government should try to incentivize this sector through various interventions.

19 The Ministry of Power, in their Action Taken Reply, have stated as under:

"It may be appreciated that the Hydro Power Projects are impacted by issues such as long gestation period compared to thermal power projects; geological surprises; inter-State issues; land acquisition; environmental and forest clearances; finalization of rehabilitation and resettlement issues; natural calamities; law and order problems; local issues etc. Further, the share of hydro power in the installed capacity (MW) has declined from 45.6% in 1966 i.e. from start of the 4th Plan to 19.5% in 2012 i.e. start of the 12th Plan and 15.49% at the end of April, 2015. This decline in the share of hydro power in the energy mix is an outcome of both the slower pace of development of hydro power projects due to various reasons and the increasing share of thermal, nuclear and renewable sources of energy. An alternative of development of hydro power could be the percentage of the identified hydro power potential developed. As on 30.4.2015, out of the identified potential (above 25 MW) of 1,45,320 MW, 36,846.87 MW (25.35%) is developed and 12,493 MW (8.59%) is under development.

Central Electricity Authority (CEA) is monitoring the progress of under construction power projects through frequent site visits and interaction with the developers and equipment suppliers. In addition, a Power Project Monitoring Panel (PPMP) has been set up by the Ministry of Power for independent monitoring of Thermal and Hydro Generation projects targeted for commissioning during the 12th Plan and beyond. Regular reviews are also taken by the Ministry at various levels to identify the problem areas

and facilitate faster resolution of inter- ministerial and other outstanding issues.

Water being a State subject, allotment of hydro projects is done by the State Governments. To facilitate the expeditious implementation of allotted projects, the Ministry of Power has taken up issues related to environment and forest clearances with MoEF&CC and as a result, the process for grant of EC/FC has been streamlined by that Ministry. Ministry of Power has also taken up the issues of expeditious completion of Cumulative Impact Assessment and Carrying Capacity Studies of the river basins with MoEF and this has been pursued at the highest level of Government. Completion of the Basin Studies and decision on their recommendations by MoEF&CC will enable clarity on the optimum number of projects in each river basin and also help to expedite the environmental clearances.

Ministry of Power is also conducting regular reviews of progress on identified roads/bridges required for development of HEPs in Arunachal Pradesh, the State with the maximum identified hydro power potential, to address the problem of inaccessibility of the sites.

To incentivise the hydro sector, the provision relating to 40% sale as merchant power in the Hydro Policy for the private sector, was extended to the public sector in 2011. Recognizing that time and cost overrun in hydro power projects is often due to factors beyond the control of the developers, it has been proposed to extend the cost plus regime in the Tariff Policy for hydro projects till the end of the 13th Plan period i.e. 2022."

20. The Government, in their reply, have stated that the share of hydro power in the installed capacity (MW) has declined from 45.6% in 1966, i.e. from the start of the 4th Plan, to 19.5% in 2012, i.e. the start of the 12th Plan, and 15.49% at the end of April, 2015. The Government have also enumerated various reasons like long gestation period; geological surprises; inter-State issues; land acquisition; environmental and forest clearances;

rehabilitation and resettlement issues; natural calamities; law and order problems; local issues, etc., for this decline in the share of hydro power in the energy mix. The Committee note with satisfaction that, to fast-track the process of implementation of hydro projects, the Central Electricity Authority (CEA) has been monitoring the progress of under-construction power projects through frequent site visits and having interaction with the developers and equipment suppliers; further, a Power Project Monitoring Panel (PPMP) has been set up by the Ministry of Power for independent monitoring of Thermal and Hydro Generation projects targeted for commissioning during the 12th Plan and beyond. It is also noted that the Ministry has been undertaking regular reviews at various levels to identify the problem areas and facilitate faster resolution of inter-ministerial and other outstanding issues like environment and forest clearances; grant of EC/FC; expeditious completion of Cumulative Impact Assessment and Carrying Capacity Studies of the river basins.

Further, in response to the recommendation of the Committee that the Government should try to incentivize the hydro sector through various interventions, the Government have stated that to incentivize the hydro sector, the provision relating to 40% sale as merchant power in the Hydro Policy for the private sector, had been extended to the public sector in 2011. The Government have also proposed to extend the cost plus regime in the Tariff Policy for hydro projects till the end of the 13th Plan period i.e. 2022.

The Committee understand that India ranks fifth in the world in terms of usable hydroelectric potential, with an estimated potential of about 145 GW, making it one of the most important potential sources to meet the energy security needs. However, despite the advancement in civil engineering technology and the increasing pressure to reduce the country's carbon footprint by harnessing clean energy sources, the Government are able to develop just 25.35% of the total identified hydro power potential and an additional 12,493 MW is under development.

The Committee appreciate the initiatives taken by the Government, however, the Committee note that the Government have not responded to their recommendation that the Government should thoroughly review the present policies related to the hydro power sector to provide the much needed impetus to this sector. Also, the Committee feel that there is a need to salvage the under-construction projects as a first-step; further, the Government should create a favourable environment for advancement of the hydro sector by formulating enabling policies and guidelines. Therefore, the Committee reiterate their recommendation that the Government should thoroughly review the present policies related to the hydro power sector, as the Committee are of the view that the present policies relating to this sector are ineffective and they have failed to bring any positive change in the hydro sector.

CHAPTER II

OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Status of implementation of the recommendations of the Committee contained in Fifth Report, under Direction 73A of the 'Directions by the Speaker'

Annual Plan Outlay

(Recommendation No.1)

The Committee while scrutinizing the Gross Budgetary Support (GBS) for the year 2015-16 note that against the sought outlay of Rs. 19,243.46 crore (GBS Component), the Ministry of Finance approved the allocation of Rs. 6,799.43 crore only. Though the budgetary cut is across the board, two heads viz. Integrated Power Development Scheme (IPDS) - and Power Sector Development Funds are most affected. Even the Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) got only Rs. 4,500 crore against the demand of Rs. 9,000 crore. The committee feel that there is hardly any need to expound the importance of the development of electricity sector for overall growth of the country. The committee, therefore, express their concern over the approval of lesser than demanded budgetary allocation by the Ministry of Finance. However, the Secretary, Ministry of Power during the evidence apprised the Committee that though they would have liked to have more budgetary provisions for two flagship programmes of the Ministry of Power i.e. DDUGJY and IPDS, nonetheless, they have got a reasonable assurance from the Ministry of Finance of providing more budgetary provision at the RE stage depending on the progress of expenditure. The Committee, therefore, urge that the Ministry of Power continue to accelerate the momentum of execution of their programmes and utilize the fund as per their demanded budgetary allocation and request the Ministry of Finance to provide more allocation to the Ministry of Power at the stage of RE if the Ministry of Power so requires.

Reply of the Government

The observation of the Committee has been noted and steps are being taken to improve the pace of expenditure so that the Ministry has adequate grounds to not only justify the existing allocation but also demand additional funds for meeting the requirements of various programmes and activities. In this regard, it is submitted that as on 30th June 2015, out of total

Annual Plan Budget allocation of 6799.74 crore, Rs. 1524.02 crore has already been spent while keeping in view the restriction of 1/6th ceiling of vote-on-account. This constitutes 22.41% of the annual allocation for the current year as against 2.79%, 3.27% and 1.05% during the corresponding period of 2012-13, 2013-14 and 2014-15 respectively. Thus the performance during the first quarter of 2015-16has already shown a significant improvement over the corresponding period in the previous years.

There is an inter-Ministerial Monitoring Committee under the Chairmanship of Secretary (Power) which periodically meets to sanction projects and review progress of implementation of the two major flagship schemes - DDUGJY and IPDS. DDUGJYProjects for 6 states at an estimated cost of Rs.8853.12 crores have been sanctioned by Monitoring Committee headed by Secretary (P). IPDS projects for 6 states at an estimated cost of Rs.3268.33 crores have also been sanctioned. Efforts are being made to impress upon the State Governments to submit the DPRs to the Monitoring Committee for sanctioning of further projects. Efforts are also being made to expedite utilization of funds in other schemes. MOP has additionally soughtsupplementary grants under sixschemeson the basis of the satisfactory level of expenditure so far. The Ministry of Power proposes to maintain the same tempo of pace of expenditure in the remaining part of the year as well.

[Ministry of Power
O.M. No.10/4/2015-Budget dated: 14 /07 / 2015]

(Recommendation Sl.No. 2)

The Committee note that from 2011-12 to 2014-15, the Ministry was allocated Rs 9,642 crore every year. Notably, against the allocation, their actual expenditure for the said period was Rs 4,827.35 crore, Rs 6,063 crore, Rs 5,180.53 crore and Rs 4,999.59 crore respectively. The Committee, therefore, believe that this could be the prime reason for the Ministry of Finance for not acceding to the proposed demand of Rs 19,243.46 of the Ministry. The Committee are concerned with the constant under-utilization of the funds allocated to the Ministry of Power. The Committee were informed that the under utilization of fund by the Ministry was due to non finalization of various new schemes and since, the said schemes have now been finalized, there would be optimum utilization of funds. The Committee, therefore, recommend that the Ministry strengthen their monitoring mechanism and also review and revamp their planning process. The Committee also recommend that the Ministry may put indefatigable efforts in ensuring the

timely utilization of the funds allocated to them so that they could justifiably put up further demands at the time of Revised Estimates.

Reply of Government

The following mechanism has been put in place to oversee the utilization of budgetary allocation under various plan schemes with regular periodicity at different levels:

(i) The programme Division (at the level of the concerned Joint Secretary) reviews the progress of utilization of the outlay (both GBS and IEBR) with the concerned implementing agencies/organizations on monthly basis and suggest course corrections/measures from time to time to improve utilization.

(ii) The progress is monitored at the level of JS&FA on quarterly basis with a view to rationalize the allocation.

(iii) The progress is further reviewed at the level of Secretary (Power) on half yearly basis.

Further, the two major flagship schemes (DDUGJY and IPDS) have their own in-built monitoring mechanism to watch the progress of implementation

[Ministry of Power]
O.M. No. 10/4/2015-Budget dated: 14/07/ 2015]

12th Five Year Plan

(Recommendation No.3)

The Committee note that there is an outlay of Rs 4,40,795.85 crore for Central Power Sector for the 12th Five Year Plan. This comprise Rs 3,86,516.84 crore of Internal & Extra Budgetary Resources (IEBR) to be raised by the Central Power Sector Undertakings themselves and Rs 54,279.00 crore of Gross Budgetary Support (GBS). The actual utilization upto 31.01.2015, during the 12th Plan period is Rs 1,51,177.78 crore including Rs 1,39,485.04 crore IEBR and Rs 11,692.74 crore as GBS. The Committee feel that the achievements so far are far from being satisfactory. The Committee further note that the major segment of IEBR i.e. Rs 2,19,612.50 crore pertains to NTPC. However, their achievement till said date is only Rs 57,104.50 crore leaving a gap of Rs 1,62,507.80 crore. Since, only two years are left in the ongoing 12th Plan period, it is very unlikely that the target of Rs 2,19,612.50 crore in respect of NTPC is going to be achieved. The Committee do not concur with the argument of Secretary, Power that this is the result of ambitious planning by the CPSUs at the

beginning of the Five Year Plan which usually does not get realized. The Committee believe that the target of Rs 2,19,612.50 crore for NTPC was not insurmountable and the Public Sector Undertaking such as NTPC has capability to achieve this. Even the PowerGrid a counterpart CPSU of NTPC has managed to put up a good performance by achieving Rs 60,815 crore so far against the target of Rs 1,02,034 crore. The Committee are of the firm view that in attaining the goal of electricity for all in the country, the giant CPSUs such as NTPC has to perform exceedingly well. The Committee, therefore recommend that the Ministry may provide all possible assistance to NTPC to improve its performance so that they can reach at least near to Rs 2,19,615.50 crore targets if the same is not fully achieved.

Reply of the Government

The observations of the Committee has been noted for compliance. The Ministry would like to submit that the Five Year Plan projects are made by NITI AAYOG (erstwhile Planning Commission) on the basis of the recommendations contained in the Working Group Reports and with reference to the shelf/pipeline of projects in the following three broad catefories (i) On-going projects including projects spilled over from the previous Plan (11th Plan); (ii) Renovation & Modernisation; and (iii) New Projects including investment in Joint Ventures, coal minning and other schemes. While there could be reasonable certainty about the quantum and phasing of CAPEX in respect of the projects falling in the first two categories, the same can not be said about the new projects. The investment/CAPEX in new power projects are linked to several pre-requisites such as availability of land, fuel(coal/gas)linkage, forest/environmental clearances, other statutory clearances etc. Some of these issues may be relevant in the case of on-going projects too. Delay(s) in fulfilling these pre-requisites impact the quantum and phasing of CAPEX against these projects. With specific reference to NTPC, the reasons for low level of expenditure vis-à-vis the 12th Plan projections are as follows:

(a) Gas based projects could not be taken up due to lack of fuel – Kawas-II, Gandhar-II and Rajiv Gandhi CCPP-I.

(b) Investment approval delayed due to delay in award of bulk tendering projects – Gadarwara, Lara, Darlipalli, Solapur and Tanda-II. Court case filed by M/s Ansaldo for rejection of technical bid. Award had to be retendered.

(c) Projects considered in original plan but award delayed/not awarded yet – Barethi, Pudimadaka, Katwa, Gajmara, Dhuvran, etc. due to environmental, land, shortage of water issues, change in site.

(d) Projects scrapped – Giderbaha, Khasiabara (Hydro) and Badarpur Expansion.

[Ministry of Power]
O.M. No. 10/4/2015-Budget dated: 14/07/ 2015]

Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

(Recommendation No.4)

The Committee note that the Government has initiated a new scheme called Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY) subsuming the erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGV), which was launched with a goal of providing access to electricity to all households in the country. DDUGJY, apart from rural electrification envisages the separation of agriculture and non-agriculture feeders and strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas. The Committee believe that these two new components in this schemes complements the main objective or rural electrification, therefore, would be helpful in electrifying all the villages on the sustainable basis. The Committee are also pleased to note that their recommendation of covering all the villages irrespective of any population criteria has been had been accepted by the Ministry and they have made such provision in DDUGJY. Since DDUGJY is a new scheme, the effectiveness of its provisions is yet of stand the test of time. The Committee, however, would like to recommend the Ministry to ensure that the problems that marred the erstwhile RGGVY should not crop up in this new scheme.

Reply of the Government

The recommendation of Committee has been noted for effective implementation of DDUGJY. Some significant steps taken in this regard are as follows:

(a) DPRs shall be prepared and submitted for consideration based on actual field survey and as per updated schedule of rates to arrive the actual quantity/Scope to avoid any cost revision in future. Cost overruns, if any, on the ground of quantity variation shall not be entertained by MOP subsequently and shall be borne by the State Government.

(b) Metering has been given due emphasis and provision of funding for consumer metering, feeder metering and Distribution Transformer metering have been kept in the scope.

(c) All Discoms including private sector Discoms and State Power Departments will be eligible for financial assistance under the scheme as against the earlier scheme where private DISCOMs were not eligible for funding.

(d) DPRs will be recommended by existing State Level Standing Committee constituted for RGGVY programme under the chairmanship of Chief Secretary before submission to the Nodal Agency. State Level Standing Committee, headed by the Chief Secretary will comprise of Secretaries of Energy, Rural Development, Finance, Panchayati Raj, Forest, Revenue, Representative of REC etc. for recommending the projects to Government of India to sanction, monitoring of progress and resolving implementation issues. This will facilitate quick allotment of land for sub-stations,resolving ROW issues and speedy clearance of forest cases.

(e) Ministry of Power has also requested State Govt. to constitute District Electricity Committee, to be headed by concerned Hon'ble MP of the district to oversee the progress of rural electrification works. It has been made mandatory to obtain consent of the concerned MP of the district while preparing for DPR for electrification works.

(f) On the request of Ministry of Power, Ministry of Rural Development expanded the scope of District Level Vigilance and Monitoring Committee for "Review of erstwhile RGGVY" as a regular agenda item in the District Level Vigilance and Monitoring Committee Meetings, headed by the Hon'ble MPs.

(g) An appropriate Project Management Agency (PMA) will be appointed by the utility for monitoring and ensuring timely implementation of the project.100% grant will be provided by GOI towards expenditure incurred on PMA.

(h) Complete flexibility has been provided to the States to prioritize scope of work as per their requirement.

(i) The works in Gram Panchayat selected under Saansad Adarsh Gram Yojana (SAGY) shall necessary be included in the DPR.

(j) While formulating DPRs the utility shall necessarily consult the public representatives including Member of Parliament. Utility shall furnish a certificate to this effect while submitting DPRs to Nodal Agency.

(k) All Discoms including private sector Discoms, State Power Departments and RE Cooperative Societies are eligible for financial assistance under DDUGJY.

[Ministry of Power]
O.M. No. 10/4/2015-Budget dated: 14/07/ 2015]

Integrated Power Development Scheme (IPDS)

(Recommendation No.5)

The Committee note that Integrated Power Development Scheme (IPDS) is a new scheme launched by the Ministry by subsuming the erstwhile Restructured- Accelerated Power Development and Reforms Programme (R-APDRP) as its one of the three components. The other two components are strengthening of sub-transmission & Distribution network in the urban areas and metering of distribution transformers/feeders/consumers in the urban areas. This scheme like its predecessor envisages for reduction of AT&C losses to 15%. Accelerated Power Development and Reforms Programme was Re-structured and was approved as Central Sector Scheme on 31.07.2008 with total outlay of Rs. 51,577 crores to reduce the AT&C losses to the level of 15%. However, the scheme in 5 years could manage to reduce only 2% AT&C losses from 27.47% in the year 2008-09 to 25.38% in the year 2012-13. The Committee have also time and again recommended the Government to review the programme as the same was not producing the desired results. The Government now has reinvented this programme with identical goal of bringing down AT&C losses to the level of 15%. Since, the IPDS has been finalized recently, it is yet to be seen as to what extent the programme is more effective than its predecessor in reducing the AT&C losses. The Committee, therefore, recommend that the Ministry should provide an explicit timeline for implementation of the IPDS and like DDUGJY, the year by which the prime goal of IPDS i.e. reduction of AT&C losses to 15%, will be achieved.

Reply of the Government

The reduction of AT&C losses from 27.47% in 2008-09 to 25.38% in 2012-13 is at the national level.However, R-APDRP is a town level intervention. The AT&C loss reduction under R-APDRP is to be measured for five years with first year starting at least a year after completion of Part-A

(IT) project and Part-B completion. Under the scheme, Part-A(IT) system is yet to be verified as completed for any state by Third Party Independent Evaluation Agencies-IT, appointed by MoP/PFC. The same are in process in many States. Part-B scheme is completed in 240 towns. As such, the results regarding reduction of AT&C losses under R-APDRP are likely to be evident only from next FY i.e. 2016-17.

The objective of Integrated Power Development Scheme is reduction of nation level AT&C losses to below 15%. As per the trajectory for AT&C loss reduction as agreed by all state power utilities, AT&C losses are to be brought to below 15% by FY 2021-22. The same is now proposed to be achieved by FY2019-20.Revised proposed trajectories have been circulated by MoP among state utilities for their consent.

[Ministry of Power]
O.M. No. 10/4/2015-Budget dated: 14/07/ 2015]

(Recommendation No.7)

The Committee note that a target of 88,537 MW of power generation capacity addition was set for the 12th Five Year Plan period. They further note that against this target, a generation capacity of 54,383 MW has been added till 28.02.2015. The Committee are glad that more than 60% of the total targets are achieved in the first three years of the plan. However, when the committee scrutinized the data of the Ministry closely, it has been revealed that it is the Private Sector whose exceptional performance during the said period is responsible for such good performance in overall generation capacity addition programme. The Private Sector, so far, have achieved a remarkable 72% of the total target. However, on the other hand, dismal performance of the Central Sector is continuing in the 12th Plan also. Their achievement so far i.e. 40% is the lowest of the three sector viz. Central, State and Private. The Committee are anguished over the incessant poor performance of the Central Sector since the 11th Plan period. This is so when the slipped projects of 11th Plan have also been counted in their performance in the 12th Plan so far. The Committee also observe that ever since the Private Sector has started to increase their pace in capacity addition, the Central Sector has slowed down. The Ministry has been enumerating various reasons that they blame for such poor performances. The Committee, however, hardly find them convincing as the same problems are also being faced by the Private Sector and even then they are coming up with such impressive figure consistently since the 11th Plan period. The Committee, therefore, recommend that the declining performance of Central

Sector be taken seriously and the utmost efforts be made by the Ministry to reinstate this sector in the race of generation capacity addition.

Reply of Government

(i) Hydro Capacity Addition Performance:

A hydro capacity addition of 10,897 MW (6004 MW in Central Sector, 1608 MW in State Sector and 3285 MW in Private Sector) is programmed for the 12th Plan (2012-17).

Out of this, hydro Projects with aggregate installed capacity of 2660 MW have been commissioned (upto 30.04.2015) and 8237 MW is under various stages of construction for benefits during remaining period of 12th Plan and beyond. Sector wise details are as under:

Sector	Total (MW)	Under Execution (MW)	Commissioned (MW)	Percentage commissioned
Central Sector	6004	3780	2224	37.04%
State Sector	1608	1506	102	6.34%
Private Sector	3285	2951	334	10.17%
Total:	10897	8237	2660	24.41%

As can be seen, performance of Central sector has been better than Private & State sectors during 12th Plan as far as Hydro capacity addition is concerned. The percentage of commissioned projects during 11th plan in Central Sector was only 17.91% as against 37.04% in the 12th Plan.

The following monitoring mechanism is in place in Ministry of Power for timely completion of the hydro projects :

- Central Electricity Authority (CEA) is monitoring the progress of hydro power projects (above 25 MW) continuously through site visits, interaction with the developers & other stakeholders and critical study of monthly progress reports. The CEA holds review meetings with the developers and other stakeholders to sort out the critical issues.
- Power Project Monitoring Panel (PPMP), set up by the Ministry of Power, independently follow up and monitors the progress of the hydro projects.
- Ministry of Power also reviews the progress of ongoing Hydro electric projects regularly with the concerned officers of CEA, equipment manufacturers, State Utilities / CPSUs / Project developers, etc.

(ii) Thermal Capacity Addition Performance:

Sector-wise break-up of thermal capacity addition targets and achievements (till 31.03.2015) during 12th Five Year Plan is given below:

Sector	Target (MW)	% share in Target	Cap. Comm. From Target (MW)	Additional Cap. Comm. (MW)	Total Capacity commissioned (MW)	% achievement w.r.t. Sector Target
Central	14877.6	20.6	9317	25.5	9342.5	62.8
State	13922	19.2	11472	647.1	12119.1	87.0
Private	43540	60.2	20745	15512.5	36257.5	83.3
Total	72339.6	100.0	41534	16185.1	57719.1	

As against the targeted capacity of 14877.6 MW in central sector, a capacity of 9342.5 MW (i. e 62.8 % with respect to the Target) has been commissioned till 31.03.2015 (i. e during the first three years of the 12th five year plan). The remaining targeted capacity of 5560.6 MW is likely to be commissioned during the balance period of 12th five year plan.

Following steps have been taken for timely completion of Central Sector power projects:

i. Central Electricity Authority (CEA) is monitoring the progress of construction of the power projects through frequent site visits, interaction with the developers & other stakeholders and critical study of monthly progress reports. In addition, CEA holds review meetings periodically with the developers and other stakeholders and identifies issues critical to commissioning of projects and helps in resolving them.
ii. A Power Project Monitoring Panel (PPMP) has been set up by the Ministry of Power for independent monitoring of Thermal and Hydro Generation projects targeted for commissioning during the 12th Plan and beyond.
iii. Project authorities of Central Sector power projects are urged to bring up the issues related to the delay in implementation of the projects so that those projects can be reviewed under PRAGATI platform as well.
iv. Secretary (Power) holds regular meetings with project developers and equipment suppliers to resolve the issues in delayed Central Sector power projects.

[Ministry of Power]
O.M. No. 10/4/2015-Budget dated: 14/07/ 2015]

(Recommendation No.8)

The Committee note that against the target of 1,07,440 Ckm for the 12th Five year plan period, the achievement till February, 2014 is 51,635 Ckm. The Committee also note that there has been a massive generation capacity addition in the country and a number of power generation project are under execution or at planning stage. Due to advent of Private Sector in generation sector and enabling environment for setting up of New and renewable Energy projects, the power sector of the Country has set to grow at a rapid pace. Since, this huge generation capacity will need transmission lines of the matching capacity to distribute the electricity generated to all corners of the country. The Committee also feel that the planning for transmission should not only done with the generation projects but also the execution of the transmission should be ahead of the generation. The Committee, therefore, recommend to the Government to expedite the pace of work to ensure that the targets set for the 12th plan are fully achieved. The Committee are also of the view that the Government should examine the feasibility of identifying major/important transmission corridors which will be needed in the coming years/decades and starting the groundwork prospectively to ensure that inadequacy of transmission capacity does not become a bottleneck for transmission of electricity across the Country.

Reply of the Government

Against the target of 1,07,440 ckm for 12th plan period, the achievement till March, 2015 is 55,956 Ckm. The targetfor the balance period of 12th plan i.e. during 2015-16 & 2016-17 is 23712Ckm nd 27,772 Ckm respectively.

Against the target of 2,82,750 MVA of transformation capacity for 12th plan period, the achievement till March, 2015 is 1,86,549 MVA. Additional 50,542 MVA and 45,659 MVA have been targeted to be completed during the balance period of 12th plan i.e. 2015-16 & 2016-17.

In order to facilitate integration of large scale renewable generation capacity envisaged in 12th Plan, a comprehensive transmission plan comprising intra state and interstate transmission system (ISTS) strengthening has been identified and taken for implementation as part of “Green Energy Corridors - I (GECs)”. Intra state transmission scheme under GECs is being implemented by the respective States, whereas ISTS is being implemented by POWERGRID. These are under various stages of implementation.

Further, a 20 year perspective plan covering aspects of General Network Access (GNA) is under preparation by CEA in consultation with POWERGRID and States/ Stakeholders for the overall development of transmission system. Under GNA approach, transmission systems is planned based on Generation/ Demand quantum and their location without identification of the contracted source of purchase/ sale and generator and the States/Consumer could be given general network access (GNA) to ISTS for the agreed quantum of power (MW). This approach is expected to address the issues of congestion and enable the execution of transmission system ahead of generation.

A number of high capacity power transmission corridors and Green Energy Corridors have been identified/ planned and are being implemented to enable seamless transfer of power from generation rich states to energy deficit states. These corridors include 765kV transmission lines and ±800kV HVDC transmission systems.

[Ministry of Power]
O.M. No. 10/4/2015-Budget dated: 14/07/ 2015]

Development of Power Sector

(Recommendation No.10)

The Committee note that the total installed generation capacity as on 28th February, 2015 is 2,61,006.46 MW. As per the information provided by the Ministry, the maximum power that could be generated by the thermal power plants during preceding year (upto February 2015) has been assessed to be 1,348.7 billion units had there been no shortage of fuel for power stations. However, the actual generation in the preceding year has only been 1,035.34, paucity of fuel being the prime reason for the deficiency. Interestingly, the total energy requirement during the preceding year has been calculated at 1,073.9 billion units. It is apparent that had there been shortage of fuel for power stations, there would have been a situation of surplus power in the Country. The power plants of the country are struggling with acute shortages of fuel be it coal or gas. The overall Plant Load Factor has consistently been falling from 78.6% in the year 2007-08 to 65.1% in 2014-15. The Committee are deeply concerned with this state of affair as this not only create energy deficiency in the country but also result in wastage of generation capacity. Moreover, running of power stations at sub-optimum level also increases the per unit generation cost. The Committee believe that this situation is not good for energy starved country like us. The Committee, therefore, recommend that the Government should take up this matter at the earliest possible time at highest level to find a long term solution rather ad hoc provision like importing increased amount of coal for a year or two.

Reply of the Government

(a) As regards availability of coal, it is submitted that with the concerted efforts of the Government, all India coal stock position at the Power plants as on 5.05.2015 has reached an all time high of around 30 MT. Since January, 2015 to till date, none of the power plants have reported generation loss due to coal shortage.

There are 100 coal based power plants whose coal stock position is being monitored on daily basis in Central Electricity Authority. They are monitored for critical& over critical coal stock. (Coal stock of less than 7 days and less than 4 days for non-pit head. Coal stock of less than 5 days & less than 3 days for pit head).

It is true that power utilities have been importing coal to bridge the shortfall in the availability of domestic coal. For the year 2014-15, to bridge the gap between demand and availability of indigenous coal for the power plants designed on indigenous coal. 48.5 MT coal was imported. In case of TPSs designed on imported coal, 42.7 MT was imported. For the year 2015-16, it is envisaged that 73 MTwould be imported to bridge the shortfall in the availability of domestic coal. In addition to this, 42 MT coal have been envisaged to be imported by Power Plants designed on imported coal.

In order to ensure availability of domestic coal supply to the power plants on the long term basis, the following steps are being taken by the Government:

i) Enhancement of domestic coal production to end dependency on import of coal.

ii) The availability of coal is being regularly monitored at the highest level in the Government.

iii) Auction of captive coal mines for their speedy development and coal production.

(b) As regards the gas based plants, a scheme for utilization of Stranded Gas Based Plant Capacities for the year 2015-16 and 2016-17 has been approved by the Government. The scheme envisages supply of imported spot RLNG to the stranded gas based plants selected through reverse e-bidding process. It is expected that electricity generation in the country would be enhanced by around 79 BU.

[Ministry of Power]
O.M. No. 10/4/2015-Budget dated: 14/07/ 2015]

(Recommendation No.11)

The Committee are distressed to note that there is 27,000MW of gas based power generation capacity in the country. Out of these 24,000MW is connected to the grids which are presently operating at 0% to 60% PLF. The Committee have been apprised that as per Ministry of Petroleum there is no possibility of increasing domestic gas production for next two years. The Committee have been further informed that in view of this the Cabinet ha approved a scheme for reviving the stranded gas-based power plants, wherein, all the stakeholders viz Central Government, State Governments, GAIL and the Promoters have agreed to sacrifice something to bring down the tariff of gas based power plants which are proposed to run on imported RLNG. The Ministry has further informed the Committee that a provision of Rs 3,000 crore out of Power System Development Fund has been made to provide assistance to Discoms to purchase this power which has slightly higher tariff. The Committee, considering that this scheme will give relief not only to stranded gas based power plants but will also provide additional power generation to the Country, endorse this scheme and expect its earliest implementation.

Reply of Government

(i) Government of India has sanctioned a scheme for importing spot RLNG during 2015-16 and 2016-17 for the stranded gas based power plants as well as for plants receiving domestic gas upto the target PLF selected through a reverse e-bidding process. The scheme provides for financial support from PSDF (Power System Development Fund). The outlay for the support from PSDF has been fixed at Rs. 7500 crores (Rs. 3500 crores and Rs. 4,000 crores for the year 2015-16 and 2016-17 respectively).

(ii) The scheme also envisages sacrifices to be made collectively by all stakeholders, including the Central State Government by way of exemptions from certain applicable taxes and levies on the incremental RLNG being imported for the purpose. Beside, gas transporters and re-gasification terminals have agreed to reduce their transportation tariff, marketing margin and re-gasification charges on the incremental RLNG. Power developers would completely forego their return on equity. Further, the Power generators have to commit to sell power below the target price.

(iii) The grid connected gas based power generation capacity in the country is 24,150 MW. Of this, a capacity of 14,305 MW had no supply of domestic gas and is completely stranded. These comprise 29 plants of which 9 plants are yet to be commissioned. Further, a capacity of 9,845 MW had supply of some domestic gas and is currently operating at an average PLF of

32.2%. These 9,845 MW comprise 23 plants of which only 6 plants have a PLF higher than 35%. Thus of this 9,845 MW, 17 plants with a PLF of less than 35% were eligible to participate in the auction process.

(iv) Auctions held for Stranded Gas Based Plants during the month of May, 2015 will result in revival of a cumulative gas based generation capacity of 10,270 MW resulting in generation of additional 5.70 billion units of electricity during the peak summer months from 1st June 2015 to 30th Sept 2015. This will involve Government support of Rs. 843.99 crore from the Power System Development Fund to the Discoms.

(v) Further auctions for the remaining period of the financial year will be held shortly and are expected to contribute further to electricity generation and the revival of the stranded gas based power generation capacities.

[Ministry of Power]
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(Recommendation No.12)

The Committee note that the order of Government of India, which has the provision that a Power Generating Company will provide electricity within its vicinity of 5 kms, has been withdrawn due to its non-implementability. In regard to reason for non-implementation of this order, the Ministry has informed that since Power Plant Company do not have distribution licenses, they have to depend on the Distribution Companies for providing electricity in the vicinity of power plants. However, the Discoms are not interested in doing so. The Ministry has further informed that to address this issue they have proposed an amendment in the Electricity Act 2003 which provides for obtaining of distribution license by a generating company also. They have further stated that once this amendment is incorporated in the Act, we will make a provision that generation company can do distribution work within the radius of 5-10 kms. The Committee are in agreement with the proposal of the Ministry and recommend its expeditious implementation after incorporating of the proposed amendment in the Act.

Reply of Government

As per provision of Electricity Act, 2003, there is no restriction for generators in carrying out the activity of distribution. The relevant provisions in this regard are as below:

"Section 12 - No person shall

(a) transmit electricity; or

(b) distribute electricity; or

(c) undertake trading in electricity,

unless he is authorised to do so by a licence issued under section 14, or is exempt under section 13."

"Section 14 proviso 6 - Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements relating to the capital adequacy, credit-worthiness, or code of conduct as may be prescribed by the Central Government, and no such applicant who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:

Provided also that in a case where a distribution licensee proposes to undertake distribution of electricity for a specified area within his area of supply through another person, that person shall not be required to obtain any separate licence from the concerned State Commission and such distribution licensee shall be responsible for distribution of electricity in his area of supply:

Provided also that where a person intends to generate and distribute electricity in a rural area to be notified by the State Government, such person shall not require any licence for such generation and distribution of electricity, but he shall comply with the measures which may be specified by the Authority under section 53:"

"Section 42 (1)- It shall be the duty of a distribution licensee to develop and maintain an efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act."

In view of aforesaid provisions of Indian Electricity Act, 2003, the issue has been revisited. Power Generating can carry out the distribution activity provided they develop and maintain an efficient, coordinated and economical distribution system in their area of supply as provided under Section 42(1) and get permission from the Appropriate Commission in this regard.

[Ministry of Power]
O.M. No. 10/4/2015-Budget dated: 14/07/ 2015]

CHAPTER III

OBSERVATION/ RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Nil

CHAPTER IV

OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH THE REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Integrated Power Development Scheme (IPDS)

(Recommendation No.6)

The Committee also note that the Ministry still not have separate data for Technical and Distribution losses. AT&C losses include technical losses due to energy dissipated in the conductors and equipment used for transmission, transmission and distribution of power, whereas, commercial loses are due to pilferage of energy by hooking of lines and bypassing the meters, defective meters, errors in meter reading, etc. The technical losses are inherent in a system and cannot be eliminated entirely but can be reduced to a certain level while commercial losses which have the major share in AT&C losses could be eliminated completely. Since the AT&C losses are mix of these two, the Committee believe that having separate data for technical losses and distribution losses will be instrumental in reduction of avoidable commercial losses. The Committee, therefore, recommend the Ministry to expeditiously prepare separate data for technical losses and commercial losses.

Reply of the Government

MoP appreciates the concern of Standing Committee that separate data for technical & commercial losses shall enable calculations of exact commercial losses, which are due to various reasons, such as, pilferage, defective meters & errors in meter reading etc. State utilities are being requested to provide said data along with quarterly AT&C loss data submitted to nodal agency. Ministry of Power and PFC, the Nodal Agency are regularly pursuing with them to provide the data.

It may however be submitted that segregation of losses into technical & commercial losses is a complex and long drawn exercise. At best, an assessment of these losses can be attempted on a pilot basis over a sample network.

Comments of the Committee

(Please see Para No. 14 of Chapter – I of the Report)

Hydro Power Sector

(Recommendation No.9)

The Committee note that only 1,895 MW of hydro power generation capacity could be added, whereas, in thermal sector the generation capacity addition is as high as 51,488 MW during the 12th plan so far. The Committee have time and again been expressing their anguish over sluggish execution of hydro generation capacity resulting into falling share of hydro in total energy mix. The hydro power share in terms of installed capacity (MW) was 43.50% in the year 1970. At present the hydro power share is about 15.8%. The Committee have been informed by the Ministry that since hydro projects have longer gestation period, it takes longer time in their completion. Also most of the potential lies in the remote reaches of Himalayas. The Ministry has also enumerated the provisions made and the steps taken for the growth of hydro sector. The Committee, however, finds that since, 11th Five Year Plan there has been a visible slowdown in hydro sector. Even the Private Sector whose performance in thermal sector as far as capacity addition is concern is par excellence, could manage to add a meager 169 MW of hydro power generation capacity so far in the 12th Plan. The Committee, therefore, are inclined to infer that the present policies relating to hydro power sector are ineffective as they have failed to bring any positive change in the sector. The Committee recommend that the Government should thoroughly review the present policies related to hydro power sector to provide much needed impetus to this sector. The Committee also recommend that if the hydro sector is that difficult to develop and so unlucrative, then the Government should try to incentivize this sector through various interventions.

Reply of the Government

It may be appreciated that the Hydro Power Projects are impacted by issues such as long gestation period compared to thermal power projects; geological surprises; inter-State issues; land acquisition; environmental and forest clearances; finalization of rehabilitation and resettlement issues; natural calamities; law and order problems; local issues etc. Further, the share of hydro power in the installed capacity (MW) has declined from 45.6% in 1966 i.e. from start of 4th Plan to 19.5% in 2012 i.e. start of 12th Plan and 15.49% at the end of April, 2015. This decline in the share of hydro power in the energy mix is an outcome of both the slower pace of development of hydro power projects due to various reasons and the increasing share of thermal, nuclear and renewable sources of energy. An alternative of development of hydro power could be the percentage of the identified hydro power potential developed. As on 30.4.2015, out of the identified potential (above 25 MW) of 1,45,320 MW, 36,846.87 MW (25.35%) is developed and 12,493 MW (8.59%) is under development.

Central Electricity Authority (CEA) is monitoring the progress of under construction power projects through frequent site visits and interaction with the developers and equipment suppliers. In addition, a Power Project Monitoring Panel (PPMP) has been set up by the Ministry of Power for independent monitoring of Thermal and Hydro Generation projects targeted for commissioning during the 12th Plan and beyond. Regular reviews are also taken by the Ministry at various levels to identify the problem areas and facilitate faster resolution of inter-ministerial and other outstanding issues.

Water being a State subject, allotment of hydro projects is done by the State Governments. To facilitate the expeditious implementation of allotted projects, the Ministry of Power has taken up issues related to environment and forest clearances with MoEF&CC and as a result, the process for grant of EC/FC has been streamlined by that Ministry. Ministry of Power has also taken up the issues of expeditious completion of Cumulative Impact Assessment and Carrying Capacity Studies of the river basins with MoEF and this has been pursued at the highest level of Government. Completion of the Basin Studies and decision on their recommendations by MoEF&CC will enable clarity on the optimum number of projects in each river basin and also help to expedite the environmental clearances.

Ministry of Power is also conducting regular reviews of progress on identified roads/bridges required for development of HEPs in Arunachal Pradesh, the State with the maximum identified hydro power potential, to address the problem of inaccessibility of the sites.

To incentivise the hydro sector, the provision relating to 40% sale as merchant power in the Hydro Policy for the private sector, was extended to the public sector in 2011. Recognizing that time and cost overrun in hydro power projects is often due to factors beyond the control of the developers, it has been proposed to extend the cost plus regime in the Tariff Policy for hydro projects till the end of the 13th Plan period i.e. 2022.

Comments of the Committee

(Please see Para No. 20 of Chapter – I of the Report)

CHAPTER V

OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH THE FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Nil

New Delhi
07 December, 2015
Agrahayana 16, 1937 (Saka)

Dr. Kirit Somaiya
Chairperson,
Standing Committee on Energy

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2015-16) HELD ON 3rd DECEMBER, 2015 IN COMMITTEE ROOM 'B', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1800 hrs. to 1830 hrs.

PRESENT

LOK SABHA

Shri Kirit Somaiya - Chairperson

2 Shri M. Chandrakasi
3 Shri Harish Dwivedi
4 Shri Bhagat Singh Koshyari
5 Shri Ravindra Kumar Pandey
6 Shrimati Krishna Raj
7 Shri Vinayak Bhaurao Raut
8 Shri Malyadri Sriram
9 Shri Bhanu Pratap Singh Verma

RAJYA SABHA

10 Shri Oscar Fernandes
11 Shri Pyarimohan Mohapatra
12 Shri Ananda Bhaskar Rapolu

SECRETARIAT

1.	Shri K. Vijayakrishnan	Additional Secretary
2.	Shri N.K.Pandey	Director
3.	Smt. L. Nemjalhing Haokip	Under Secretary

2. At the outset, the Chairman welcomed the Members and apprised them of the agenda for the sitting. The Committee then took up for consideration the following draft Reports:-

i) Measures to Check Commercial Losses.

ii) Action Taken by the Government on the recommendations contained in the 43rd Report (15th Lok Sabha) on 'Development of Hydro Sector'.

iii) Action Taken by the Government on the recommendations contained in the 2nd Report (16th Lok Sabha) on Demands for Grants of the Ministry of New and Renewable Energy for the year 2014-15.

iv) Action Taken by the Government on the recommendations contained in the 5th Report (16th Lok Sabha) on Demands for Grants of the Ministry of Power for the year 2015-16.

3. After discussing the contents of the Reports in detail, the Committee adopted the aforementioned draft Reports. The draft Report on 'Measures to Check Commercial Losses' was adopted with slight modification. However, the remaining draft Action Taken Reports were adopted without any change. The Committee authorized the Chairperson to finalize the above-mentioned Reports and present the same to both the Houses of Parliament in the current Session.

4. X X X X X X X X X X X

The Committee then adjourned.

APPENDIX II

(*Vide Introduction of Report*)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THE FIFTH REPORT (16TH LOK SABHA) OF THE STANDING COMMITTEE ON ENERGY

(i)	Total number of Recommendations	12
(ii)	Observations/Recommendations which have been accepted by the Government:	
	Serial Nos.1,2,3,4,5,7,8,10,11 and 12.	
	Total:	10
	Percentage	83%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:	
	Nil	
	Total:	0
	Percentage	0%
(iv)	Observations/Recommendations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:	
	Sl. Nos. 6 and 9	
	Total:	02
	Percentage	17%
(v)	Observations/Recommendations in respect of which final replies of the Government are still awaited:	
	Nil	
	Total:	0
	Percentage	0%